



Testimony in Opposition to SB 13

Submitted by

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To

Joint Committee on Insurance and Real Estate

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Senator Crisco, Representative Megna and members of the Joint Committee on Insurance and Real Estate, CVS Caremark is submitting this testimony in opposition to SB 13, "An Act Concerning Copayments for Drugs."

CVS Caremark is the largest pharmacy health care provider in the United States. Through our integrated offerings across the entire spectrum of pharmacy care, we are uniquely positioned to provide greater access, to engage plan members in behaviors that improve their health, and to lower overall health care costs for health plans, plan sponsors, and their members. As one of the country's largest pharmacy benefit managers (PBMs), we provide plan sponsors and participants access to a network of approximately 64,000 pharmacies including more than 7,100 CVS/pharmacy stores.

We employ approximately 200,000 colleagues in 43 states, the District of Columbia, and Puerto Rico. As of September 2010, we operated 7,152 retail stores, 569 MinuteClinic locations, 44 retail specialty pharmacy stores, 18 specialty mail order pharmacies, five mail service pharmacies, and our CVS.com and Caremark.com Web sites.

Mail Service Pharmacies

Mail service pharmacies provide employers, health plans, and participants a safe, convenient, clinically valuable and less expensive option for buying medications. All prescriptions are mailed directly to participants in private, secure and temperature-controlled packages. For participants who are less mobile, live in rural communities, or just prefer the convenience, mail service pharmacy is a clinically important and valuable benefit. Most mail service pharmacies offer participants around-the-clock telephonic

access to a licensed pharmacist from the privacy of their homes, and patient counseling initiated by either the pharmacist or the patient can occur at a convenient time. In many cases, payers and participants experience lower costs when a mail service pharmacy is used to provide chronic medications – this is particularly important for employers who want to provide employees with a cost-efficient, comprehensive benefit and to participants who need multiple chronic medications.

Anti-Mail Service Pharmacy Legislation

SB 13 would prohibit health plans from offering members lower prices and co-payments when they use a lower-cost mail service pharmacy (artificial parity). CVS Caremark opposes laws that artificially create parity between retail and mail service by requiring that all pharmacies be allowed to offer participants the same convenience of larger days' supply without having to offer health plan payers the same competitive pricing as offered by mail service providers for the larger supply. Health plan sponsors should be permitted to offer incentives through plan designs to encourage participants to use more cost effective pharmacy options to help lower prescription drug costs. Laws that prohibit mail service-retail differentials in payer and beneficiary costs could result in higher prescription drug costs for health plans and participants, and/or the elimination of prescription drug benefits altogether.

CVS Caremark supports a health plan's ability to select from a range of available options when designing benefits for its members. As responsible stewards of their participants' health care needs, plans must evaluate all opportunities to provide high quality, cost-effective health benefit options. Enactment of anti-mail service pharmacy laws will result in fewer benefit choices and less valuable benefits for health plan members.

In conclusion, CVS Caremark shares the goal of helping health plans provide affordable prescription drug benefits to consumers, and mail service pharmacies are a vital part of this effort. We urge you to reconsider this legislation that will have the opposite, unintended result of increasing costs and limiting access and the affordability of prescription drug benefits. We respectfully request you oppose this measure.

Thank you for your consideration of these comments.